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**BUILDING FUTURES WITH WOMEN AND CHILDREN,
AND SUBSIDIARY
(NONPROFIT PUBLIC BENEFIT CORPORATIONS)**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

**YEAR ENDED JUNE 30, 2008
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2007)**

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Patricia A. Wintroath, CPA

Independent Auditor's Report

March 12, 2009

Board of Directors
Building Futures with Women
and Children, and Subsidiary
San Leandro, California 94577

I have audited the accompanying statement of financial position of Building Futures with Women and Children, and Subsidiary as of June 30, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Building Futures with Women and Children, and Subsidiary's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2007 financial statements and, in my report dated February 7, 2008, I expressed an unqualified opinion on those financial statements

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Building Futures with Women and Children, and Subsidiary as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 12, 2009 on my consideration of Building Futures with Women and Children, and Subsidiary's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Building Futures with Women and Children, and Subsidiary taken as a whole. The accompanying schedule of expenditures of federal awards is presented on pages 18-20 and the additional information is presented on page 17-21 for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Patricia A. Wintroath, CPA

Patricia A. Wintroath, CPA

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2007)

	Unrestricted		Bessie Coleman Court, Inc.		Consolidated	Total All Funds	
	General	Temporarily Restricted	Unrestricted	Temporarily Restricted	Eliminating Entries	2008	2007
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	\$46,999	\$	\$26,945	\$47,394	\$	\$121,338	\$254,156
Grants receivable (Note C)	261,824		36,725			298,549	224,906
Accounts and pledges receivable (Note C)	7,354		19,281		(13,644)	12,991	67,027
Promises to give (Note D)	22,569	31,500				54,069	45,000
Prepaid expenses	250		5,675			5,925	14,800
Investments (Note E)	1,445					1,445	3,075
Due from (to) other funds	(68,750)	68,750				0	0
TOTAL CURRENT ASSETS	271,691	100,250	88,626	47,394	(13,644)	494,317	608,964
PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization at June 30, 2008 and 2007 of \$905,383 and \$753,249, respectively. (Note F)							
	991,842			4,146,270		5,138,112	5,215,251
DEPOSITS	4,335					4,335	4,175
TOTAL ASSETS	\$1,267,868	\$100,250	\$88,626	\$4,193,664	(\$13,644)	\$5,636,764	\$5,828,390
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES:							
Accounts payable and accrued expenses	\$75,597	\$	\$100,838	\$	(\$13,644)	\$162,791	\$252,743
Accrued payroll expenses	33,560					33,560	65,679
Accrued vacations	61,479					61,479	60,777
Client rental account	150					150	600
Rental security deposits			7,542			7,542	11,563
Line of credit (Note G)	200,000					200,000	200,000
Current portion of long term debt (Note H)				63,346		63,346	61,107
TOTAL CURRENT LIABILITIES	370,786	0	108,380	63,346	(13,644)	528,868	652,469
LONG TERM DEBT (Note H)							
Payable debt	50,000			806,628		856,628	919,969
Extendable debt	149,500					149,500	149,500
Forgivable debt	619,709			501,479		1,121,188	1,225,188
COMMITMENTS AND CONTINGENCIES (Note I)							
NET ASSETS (Note J)	77,873	100,250	(19,754)	2,822,211		2,980,580	2,881,264
TOTAL LIABILITIES AND NET ASSETS	\$1,267,868	\$100,250	\$88,626	\$4,193,664	(\$13,644)	\$5,636,764	\$5,828,390

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2007)

	Unrestricted		Bessie Coleman Court, Inc.		Total All Funds	
	General	Temporarily Restricted	Unrestricted	Temporarily Restricted	2008	2007
SUPPORT AND REVENUE						
Support:						
Foundations and community organizations	\$151,445	\$317,422	\$	\$	\$468,867	\$465,474
Donations	18,911	50,676			69,587	102,446
In-kind donations (Note B)	76,465				76,465	58,981
Total Support	246,821	368,098	0	0	614,919	626,901
Revenue:						
Government	304,200	1,129,304		242,736	1,676,240	1,636,117
Rental income			141,932		141,932	132,378
Other revenue	31,349		5,503		36,852	24,307
Fundraising	17,299				17,299	15,550
Forgiveness of debt	104,000				104,000	0
Unrealized gain (loss) on investments	(1,630)				(1,630)	360
Total Revenue	455,218	1,129,304	147,435	242,736	1,974,693	1,808,712
Net Assets Released From Restrictions	1,504,911	(1,504,911)	263,830	(263,830)	0	0
TOTAL SUPPORT AND REVENUE	2,206,950	(7,509)	411,265	(21,094)	2,589,612	2,435,613
EXPENSES						
Program						
Children's programs	122,279				122,279	86,098
San Leandro Shelter	402,286				402,286	436,048
Sister Me Home Safe house	410,341				410,341	382,179
Midway Shelter	400,836				400,836	372,751
Outreach	114,527				114,527	115,385
Housing Services	211,085				211,085	328,706
Open Doors Strategic Initiative	48,518				48,518	0
Bessie Coleman Court, Inc.			410,044		410,044	398,933
Total program expenses	1,709,872		410,044		2,119,916	2,120,100
Support						
Administration	234,540				234,540	263,690
Fundraising	135,840				135,840	147,581
Total support expenses	370,380		0		370,380	411,271
TOTAL EXPENSES	2,080,252	0	410,044	0	2,490,296	2,531,371
CHANGE IN NET ASSETS BEFORE EXTRAORDINARY ITEM	126,698	(7,509)	1,221	(21,094)	99,316	(95,758)
EXTRAORDINARY ITEM - FIRE LOSS (Note K)					0	(19,400)
CHANGE IN NET ASSETS	126,698	(7,509)	1,221	(21,094)	99,316	(115,158)
NET ASSETS, beginning of year	(48,825)	107,759	(20,975)	2,843,305	2,881,264	2,996,422
NET ASSETS, end of year	\$77,873	\$100,250	(\$19,754)	\$2,822,211	\$2,980,580	\$2,881,264

See Notes to Financial Statements

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2008

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2007)

	Children's Programs	San Leandro Shelter	Sister Me Home Safe House	Midway Shelter	Outreach	Housing Services	Open Doors Strategic Initiative	Total Program	Administration	Fundraising	Total Support	Bessie Coleman Court, Inc.	Total All Funds
Salaries	\$79,737	\$231,490	\$264,443	\$227,043	\$82,408	\$147,509	\$41,078	\$1,073,708	\$139,370	\$93,390	\$232,760	\$	\$1,306,468
Payroll taxes	7,776	22,226	25,406	21,464	7,832	14,168	3,211	102,083	13,971	8,864	22,835		124,918
Employee benefits	6,093	29,800	34,421	24,095	4,446	17,677	2,011	118,543	10,971	4,101	15,072		133,231
													133,615
Total personnel expenses	93,606	283,516	324,270	272,602	94,686	179,354	46,300	1,294,334	164,312	106,355	270,667	0	1,565,001
Occupancy	2,255	34,257	16,212	37,187	3,910	3,453	207	97,481	7,589	3,786	11,375		184,429
Property management fees								0					163,620
Depreciation		26,226	12,540	23,702		880		63,348	2,715		2,715		146,105
Repairs and maintenance	12	3,786	3,048	3,798	13	23		10,680	883	13	896		152,133
Supplies and food	2,301	23,370	20,751	16,181	3,762	3,529	320	70,214	4,509		5,771		57,499
Professional services	943	3,312	5,123	3,309	630	14,134	485	27,936	10,339	2,963	13,302	17	85,493
Insurance	693	2,284	5,364	2,556	733	580	300	12,510	4,578	1,864	6,442		76,002
Communication	605	4,318	5,173	4,374	4,241	4,326	53	23,090	3,818	1,450	5,268		41,238
Other direct client assistance			25		3,250			3,275					36,087
Interest expense								0	16,776		16,776		42,224
Client housing subsidies								0					31,987
Legal and accounting								0					32,712
Client transportation		2,689	2,688	2,601		300		8,283	13,200		13,200		23,779
Other expenses	198	506	1,675	556	5			0					0
Staff travel	111	652	683	495	852	3,446	167	7,400	3,105	1,116	17		21,761
Printing and photocopying	3	136	134	168	1,755	506	416	4,618	509	144	4,221		8,300
Public relations					385	32	259	1,117	823	624	1,447		15,753
Fundraising expenses								0		4,463			5,271
Equipment rental	269	2,721	3,006	2,287	305	522	11	9,121		10,319	10,319		2,564
Merchant and bank fees								0	518	311	829		4,463
Bad debts, tenants								0	866	1,153	2,019		10,319
In-kind supplies and services	21,283	14,513	9,649	31,020				76,465			0		9,950
								0			0		4,170
													2,791
													1,174
													15,124
													76,465
Total expenses	\$122,279	\$402,286	\$410,341	\$400,836	\$114,527	\$211,085	\$48,518	\$1,709,872	\$234,540	\$135,840	\$370,380	\$410,044	\$2,490,296
													\$2,531,371

See Notes to Financial Statements

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2008
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2007)

	Unrestricted		Bessie Coleman Court, Inc.		Total All Funds	
	General	Temporarily Restricted	Unrestricted	Temporarily Restricted	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:						
Change in Net Assets	\$126,698	(\$7,509)	\$1,221	(\$21,094)	\$99,316	(\$115,158)
Adjustment to reconcile change in net assets to cash provided (used) by operating activities:						
Depreciation	66,063			86,070	152,133	134,577
	192,761	(7,509)	1,221	64,976	251,449	19,419
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES						
(Increase) decrease in grants receivable	(65,540)		(8,103)		(73,643)	21,529
(Increase) decrease in accounts and pledges receivable	(742)		43,544		42,802	129,506
(Increase) decrease in promises to give	(7,569)	(1,500)			(9,069)	(5,000)
(Increase) decrease in prepaid expenses	5,416		3,459		8,875	(10,816)
(Increase) decrease in due from (to) other funds	68,750	(68,750)	0	0	0	0
(Increase) decrease in deposits	(160)				(160)	(2,295)
Increase (decrease) in accounts payable and accrued expenses	(4,695)		(74,023)		(78,718)	(43,959)
Increase (decrease) in accrued payroll expenses	(32,119)				(32,119)	17,673
Increase (decrease) in accrued vacations	702		0	0	702	8,274
Increase (decrease) in client rental account	(450)				(450)	400
Increase (decrease) in rental security deposits			(4,021)		(4,021)	3,794
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	156,354	(77,759)	(37,923)	64,976	105,648	138,525
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of securities	0				0	(125)
Unrealized (gain) loss on securities	1,630				1,630	(360)
Equipment and property purchases	(74,994)				(74,994)	(118,745)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(73,364)	0	0	0	(73,364)	(119,230)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Borrowing on line of credit					0	53,500
Forgiveness of long term debt	(104,000)				(104,000)	0
Repayments on loans/ Line of credit				(61,102)	(61,102)	(58,946)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(104,000)	0	0	(61,102)	(165,102)	(5,446)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,010)	(77,759)	(37,923)	3,874	(132,818)	13,849
CASH AND CASH EQUIVALENTS, beginning of year	68,009	77,759	64,868	43,520	254,156	240,307
CASH AND CASH EQUIVALENTS, end of year	\$46,999	\$0	\$26,945	\$47,394	\$121,338	\$254,156
SUPPLEMENTAL INFORMATION:						
Interest paid					\$23,779	\$27,909

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE A - ORGANIZATION

General – Building Futures with Women and Children (the Organization) is a California nonprofit public benefit corporation established in 1986. The Organization's legal name is Cornerstone Community Development Corporation. The Organization was previously known as San Leandro Shelter for Women and Children. The Organization's mission is to build communities with underserved women and children where they are safely and supportively housed, free from homelessness and family violence. In 1999, the Organization established a wholly owned subsidiary, Bessie Coleman Court, Inc., a nonprofit public benefit corporation, to develop, own, and operate safe, decent, and affordable housing for women and children.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Reporting - The Organization maintains its accounting records on the accrual basis of accounting.

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources for the various programs are classified for accounting and reporting according to the activities and objectives specified by donors, grantors, officials and governing boards. Separate accounts are maintained for each program.

Estimates - In preparing financial statements in conformity with Generally Accepted Accounting Principles, management must make estimates based on future events that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities as of the date of the financial statements; and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents - The Organization's cash and cash equivalents balance consists of amounts held in checking and savings accounts in large financial institutions.

Property and Equipment - Furniture and equipment are stated at cost. Donated equipment is recorded at its estimated fair market value. Expenditures for property and equipment are capitalized. Depreciation for property and equipment is calculated using the straight-line method over the useful life of each asset. The useful life of these assets ranges from three to fifty-nine years. When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any gain or loss arising from such disposition is included as revenue or expense. Expenditures for repairs and maintenance are charged to expense as incurred.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consolidating Eliminating Entries - Eliminating entries are present to reduce inter-company receivables and payables to avoid inflation of the total assets and total liabilities on the consolidated balance sheet.

Donated Materials and Services - Donated materials are recorded at their fair value at the date of donation. In addition, a substantial number of individuals have donated significant amounts of their time to the Organization, primarily through program activities. These services are reflected in the accompanying financial statements using a valuation of the services based on an estimate of the fair value at the time of the donation. Donated services by individuals providing administration services are not recorded as donated services as there are no special skills required for these services. During the year ended June 30, 2008, the Organization received approximately 455 hours of volunteer administrative services. The Organization received over 2,075 hours of volunteer meal service for the shelter programs. The Organization also received over 1,645 hours, 655 hours and 120 hours of supportive services, for the children's program, case management and the crisis line, respectively.

Functional Allocation of Expenses - Costs of providing the various programs have been summarized on a functional basis in the accompanying statement of functional expenses.

Income Taxes - The Organization is a Section 501(c)(3) organization exempt from income taxes under Section 501(a) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. There was no taxable unrelated business income during the year ended June 30, 2008.

Contributions and Grant Revenue - The Organization receives contributions and grants from governmental entities, foundations and individuals. The Organization has adopted the provisions of Statements of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made", and 117, "Financial Statements for Not-for-Profit Organizations."

The provisions of SFAS 116 require the Organization to recognize contributions and grants as either temporarily or permanently restricted support, if they are received with donor stipulations that limit the use of the contribution or grant. When a temporary restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All other contributions are recognized upon receipt. Performance revenue is recognized as earned. Amounts received but not yet earned are reported as advances.

Other support and revenue, such as interest income, proceeds from fund-raising, and expenses, are accounted for using the accrual method. Government contracts include federal pass-through funds, which are identified in the Schedule of Expenditures of Federal Awards.

Financial Statement Presentation - Under SFAS No. 117, the Organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

Summarized Financial Information for 2007 - The financial information for the year ended June 30, 2007, presented for comparative purposes, and is not intended to be a complete financial statement presentation.

Reclassifications - Certain reclassifications have been made in the 2007 comparative totals to conform to the classifications used in 2008.

NOTE C - GRANTS, ACCOUNTS AND PLEDGES RECEIVABLE

Grants, accounts and pledges receivable at June 30, 2008 consisted of the following:

Building Futures with Women & Children:

Unrestricted Funds

Alameda Homeless Network	\$ 1,650
Alameda Point Collaborative	28,685
County CPSS – Midway Shelter	7,787
County CPSS – San Leandro Shelter	11,393
Department of Justice – BCC	20,271
Department of Justice – Case FVLC	9,586
Federal Emergency Services Grant	36,243
San Leandro Unified School District	2,000
ACAP	2,600
Alameda CDBG	10,259
Alameda County DVCA	3,908
CalWORKS	7,144
CalWORKS - BHCS	7,104
City of San Leandro CDBG	2,258
Community Housing & Shelter Services	4,270
Housing/Jobs Linkages Program	11,377

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE C - GRANTS, ACCOUNTS AND PLEDGES RECEIVABLE (Continued)

State MCH	\$ 55,332
Shalom Bayit	140
OES	30,475
EHAP	5,074
San Leandro Open Doors	11,320
Payroll People	<u>302</u>
Total - Unrestricted Funds	<u>\$269,178</u>
Total grants, accounts and pledges receivable -BFWC	<u>\$269,178</u>
Bessie Coleman Court, Inc.:	
<u>Unrestricted Funds</u>	
Supportive Housing Contract - APC	\$ 36,725
Rents	3,891
Other receivables	<u>15,390</u>
Total Unrestricted Funds	<u>\$ 56,006</u>
Total grants, accounts and pledges receivable - BCC, Inc.	<u>\$ 56,006</u>
Total grants, accounts and pledges receivable	<u>\$325,184</u>

The Organization anticipates that all the grants, accounts and pledges receivable will be collected.

NOTE D - PROMISES TO GIVE

Promises to give at June 30, 2008 consisted of the following:

<u>Unrestricted Funds</u>	
San Francisco Foundation	<u>\$22,569</u>
Total unrestricted promises to give	<u>\$22,569</u>
<u>Temporarily Restricted Funds</u>	
City of San Leandro	\$ 9,000
Van Loben Sels Foundation	12,500
Kaiser Foundation	<u>10,000</u>
Total temporarily restricted promises to give	<u>\$31,500</u>
Total promises to give	<u>\$54,069</u>

The Organization anticipates that all the promises to give will be collected.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE E - INVESTMENTS

Investments for the year ended June 30, 2008, consisted of the following:

<u>Type</u>	<u>Cost Basis</u>	<u>Fair Market Value</u>	<u>Unrealized Gain/(Loss)</u>
Stocks	<u>\$1,788</u>	<u>\$1,445</u>	<u>\$343</u>
Total	<u>\$1,788</u>	<u>\$1,445</u>	<u>\$343</u>

The fair value of investments is determined by using the stock market quotes on the date of valuation since the securities held are readily tradable.

The Board currently designates the entire amount of realized investment return for support of current operations. Unrealized gains will be held to support future years and to offset market declines.

NOTE F - PROPERTY AND EQUIPMENT

Property and Equipment as of June 30, 2008, consisted of the following:

	<u>BFWC</u>	<u>BCC, Inc.</u>
Building	\$ 224,069	\$ 0
Land	86,400	0
Building improvements	124,130	0
Furniture and equipment	100,391	43,417
Site Acquisition		2,298,240
Leasehold improvements	<u>835,603</u>	<u>2,331,245</u>
	1,370,593	4,672,902
Less: Accumulated Depreciation	<u>378,751</u>	<u>526,632</u>
	<u>\$ 991,842</u>	<u>\$4,146,270</u>

Depreciation and amortization expense for the years ended June 30, 2008 and 2007 was \$152,133 and \$134,577, respectively.

The site acquisition cost represents the fair market value of a 59 year lease which was donated by the Naval Air Station and City of Alameda.

NOTE G – LINE OF CREDIT

The Organization obtained a line of credit with Bank of the West with a maximum borrowing limit of \$200,000. At June 30, 2008, the interest rate on the line was 11.25%. The outstanding balance at June 30, 2008 was \$200,000.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE H – LONG TERM DEBT

The long term debt of the organization consisted of the following loans at June 30, 2008. The loans below have been categorized as payable, extendable and forgivable based on the terms of each loan.

Building Futures with Women and Children:

Building Futures with Women and Children's long term debt at June 30, 2008 consisted of four Federal CDBG loans for the predevelopment, purchase, and improvement costs associated with the purchase of a safe house.

Payable Loans:

On February 14, 2000, the Organization received a loan in the amount of \$50,000 from the County of Alameda to be used for the construction of improvements on the safe house. The note will accrue simple interest at 0% per annum. Payments on this note are deferred for five years. The first payment is due on June 30, 2005. The payments will be due annually on June 30 of each succeeding year. Each five years after the first repayment, the Organization and County will review the terms of this Note. If the Organization is unable to make the annual payment, the Organization will notify the County in writing of its intentions. The principal balance remaining unpaid shall be due and payable on June 30, 2059, or earlier if the property is sold or the use of the property is changed.

Extendable Loans:

A loan, in the amount of \$149,500, was obtained from the County of Alameda during July 1999, for the purchase of the safe house. The term of the loan is 30 years with deferred payment of principal and interest. The loan will accrue simple interest at 3% per annum beginning on July 20, 1999 and is secured by a Deed of Trust from the Organization. The note will mature at the end of 30 years or upon the sale, transfer, conveyance, assignment, encumbrance, change of use, or refinance of the property in violation of the Regulatory Agreement or Deed of Trust. The loan can be extended for an additional 30 years with the agreement of the County. The accrued interest on the note as of June 30, 2008 was \$45,962.

Forgivable Loans:

A loan from the City of San Leandro, in the amount of \$180,000, was received during June 1999. This loan consists of \$27,862 used towards predevelopment costs and \$152,138, used toward the safe house purchase price. The purchase of the safe house occurred during July 1999, at which time the \$152,138 was transferred to the purchase escrow account. The term of the loan is 30 years with deferred payment of principal and interest. Simple interest at the rate of 2% per annum is due on July 1, 2029. The loan (principal and interest) will be forgiven on July 1, 2029 if the Organization uses the house purchased, as a safe house, for the full term of the loan.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE H – LONG TERM DEBT (Continued)

The loan will be due if and when the safe house is sold prior to the expiration of the 30 year loan period. On July 18, 2007, the loan was amended to include retroactive forgiveness of the principal and interest on an annual basis, each June 30. 1/30th of the loan will be forgiven each year. As of July 18, 2007, eight years' of principal, totaling \$48,000 and all the accrued interest, were forgiven. The loan balance as of June 30, 2008 was \$126,000

On February 14, 2000, the Organization received a loan in the amount of \$50,000 from the City of San Leandro to be used for the construction of improvements on the safe house. The loan will accrue simple interest at 3% per annum beginning on February 14, 2000. The loan will be forgiven in 30 years on February 14, 2030. The note will be due and payable upon the sale, transfer, conveyance, and assignment encumbrance or change of use of the property. This loan was forgiven by the City of San Leandro on July 30, 2007.

A loan from the State of California, Department of Housing and Community Development, in the amount of \$493,709, was received on July 21, 2003. This loan was used for the renovation of the San Leandro Shelter. The term of the loan is 7 years with deferred payment of principal. No interest will be charged on the loan. The loan will be forgiven on April 19, 2012. The loan requires that the property be used for a homeless shelter during the duration of the loan period. The balance of the loan at June 30, 2008 was \$493,709.

Aggregate maturities on long-term debt for each of the next five years and subsequent periods are as follows:

Year Ended June 30,	
2009	\$ 0
2010	0
2011	0
2012	0
2013	0
Subsequent	<u>819,209</u>
	<u><u>\$819,209</u></u>

Bessie Coleman Court, Inc.:

Bessie Coleman Court, Inc.'s long term debt, at June 30, 2008, consisted of four loans for the predevelopment, purchase, and improvement costs associated with the redevelopment of supportive housing units located on the Alameda Naval Air Station, now known as Alameda Point.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE H – LONG TERM DEBT (Continued)

Payable Loans:

The first loan is from Alameda County, in the amount of \$700,000. The loan funds are made up of \$400,000 HUD SHP funding, \$156,000 Alameda County Housing Trust Fund and \$144,000 of Urban County HOME funds. The terms of the loan are 0% interest with the first payment deferred until December 30, 2010. Beginning January 1, 2011, repayment will be the lesser of \$14,285 or 100% of the residual cash flow from the rental project annually.

The second loan is in the amount of \$100,000, from the City of Alameda Community Development Block Grant funds, dated June 14, 2002. The terms of the loan are 2% interest with monthly payments of \$920.13, beginning October 1, 2002.

Total due at June 30, 2008	\$40,578
Less current portion	<u>(10,330)</u>
Long term debt	<u>\$30,248</u>

The third loan is in the amount of \$20,508.94, from the City of Alameda. The terms of the loan are 2% simple interest per annum, amortized over 10 years, with monthly principal and interest payments of \$188.39. The note is secured by the leasehold at Bessie Coleman Court. The first payment was due October 1, 2002. The loan matures on September 1, 2012.

Total due at June 30, 2008	\$9,166
Less current portion	<u>(2,096)</u>
Long term debt	<u>\$7,070</u>

The fourth loan is in the amount of \$261,338 from the County of Alameda. The note was dated June 1, 2005. The terms of the loan are 4% simple interest per annum, amortized over 5 years, with monthly principal and interest payments of \$4,645.71. The first payment is due on July 1, 2005. The loan matures on September 1, 2010.

Total due at June 30, 2008	\$120,230
Less current portion	<u>(50,920)</u>
Long term debt	<u>\$ 69,310</u>

Forgivable Loans:

The fifth loan is in the amount of \$337,737 from the Bank of the West REID/Community Development Lending. The note was dated June 1, 2005. The terms of the loan are 0% interest with no payments due during the 15 year period commencing

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE H – LONG TERM DEBT (Continued)

on the date of project completion. At the end of the 15 year period, the loan shall be forgiven provided that the Leasehold Estate has been in compliance with the AHP requirements throughout the loan period.

Total due at June 30, 2008	<u>\$337,737</u>
Long term debt	<u>\$337,737</u>

The sixth loan is in the amount of \$163,742 from the State of California, Department of Housing and Community Development, EHAP Capital loan. The terms of the loan are 3% interest with no payments. This loan will be forgiven in seven years on September 30, 2011. The note will be due and payable upon the sale, transfer, conveyance, and assignment encumbrance or change of use of the property. The accrued interest on the note as of June 30, 2008 was \$19,471.

Total due at June 30, 2008	<u>\$163,742</u>
Long term debt	<u>\$163,742</u>

Aggregate maturities on long-term debt for each of the next five years and subsequent periods are as follows:

Year Ended June 30,	
2009	\$ 63,346
2010	65,672
2011	29,248
2012	11,185
2013	523
Subsequent	<u>1,201,479</u>
	<u>\$1,371,453</u>

The Organization deems the default of any of the above notes due to unallowed operations remote since the use of the safe house and Bessie Coleman Court property facilitates the mission of the Organization.

NOTE I - COMMITMENTS AND CONTINGENCIES

The Organization conducts its operation in San Leandro on premises leased from St. Leander's Catholic Church on a month to month basis at \$2,000 per month. The current lease expires on June 30, 2012. It occupies administration offices in San Leandro Community Church on an annual lease basis at \$1,720 per month.

The Organization leases the Midway shelter site, at \$1,650 per month through September 30, 2010.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE I - COMMITMENTS AND CONTINGENCIES (Continued)

The Organization entered into an operating agreement with Alameda Homeless Network to operate the Midway shelter on October 1, 2000. As part of the agreement, Alameda Homeless Network will grant the Organization \$50,000 or 18% of the operating costs, whichever is greater, per year, to be used for the operation of the program. The agreement was amended to increase the Alameda Homeless Network grant to \$65,000 beginning with the year ended June 30, 2005.

Bessie Coleman Court, Inc. entered into a 59 year lease, on April 23, 1999, for sublease of the buildings 531, 532, and 533 along with the adjacent open space and parking area, now known as Bessie Coleman Court, at Alameda Point. The lease was donated and no future annual cost is to be incurred by Bessie Coleman Court, Inc.

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grant. Management is of the opinion that the organization has complied with the terms of all grants.

The Organization receives a substantial amount of its support from the State of California, Alameda County, City of San Leandro and the City of Alameda. The Organization's programs and activities are dependent upon the availability of these funds. A significant reduction in the level of government support may impact the ability of the Organization to remain a going concern. The amount that would be considered a significant reduction in funding from government agencies cannot be determined as of the financial statement date.

The Organization has instructed its independent auditors to audit the cost related to U.S. government funds to ensure compliance with Circular A-133 issued by the U.S. Office of Management and Budget for the year ended June 30, 2008. Management believes that matters arising from governmental agencies' review of the independent auditors' reports for the year ended June 30, 2008 will not have a material effect on the financial position of the organization.

NOTE J – NET ASSETS

At June 30, 2008, the Organization's temporarily restricted net assets consisted of the following grants:

Sisters of Saint Dominic	\$ 13,000
Y&H Soda Foundation	17,000
Eden Foundation	15,000
East Bay Community Foundation	15,000
Kaiser Foundation	17,500

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE J – NET ASSETS

San Leandro District 6	\$ 1,250
Van Loben Sels	12,500
Children's Support League	<u>9,000</u>
Total Temporarily Restricted Net Assets	<u>\$100,250</u>

NOTE K - EXTRAORDINARY ITEM

During the fiscal year ended June 30, 2007, the Organization incurred a fire in one of the units of the Bessie Coleman Court housing project. The insurance proceeds included reimbursement for the physical loss as well as the loss of rental income for the period in which the repairs took place. The amount of net reimbursements received over cost of replacement of physical property was \$19,400.

ADDITIONAL INFORMATION

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

Federal Grantor Pass-through Grantor/State Pass-through Grantor/County Program Title	Federal CFDA Number	Pass-through Grantor's Contract Number	Contract Period	Award Amount	Amount Expended
FEDERAL AWARDS:					
Department of Housing and Urban Development					
Passed through State of California					
Federal Emergency Shelter Program					
Midway Shelter Program	14.231	07-FESG-2873	10/01/07 - 09/30/08	\$100,000	\$77,110
San Leandro Shelter Program	14.231	07-FESG-2873	10/01/07 - 09/30/09	196,629	75,134
Midway Shelter Program	14.231	05-FESG-1339	10/01/05 - 09/30/07	199,247	26,271
San Leandro Shelter Program	14.231	05-FESG-1337	10/01/05 - 09/30/07	200,000	36,811
				<u>695,876</u>	<u>215,326</u>
Passed through Alameda Point Collaborative					
Supportive Housing Program	14.235	N/A	7/1/2007-06/30/08	94,515	94,515
Passed through Alameda County					
Housing and Community Development Program					
Supportive Housing Program - Linkages	14.235	N/A	3/1/07-2/29/08	40,577	34,325
Supportive Housing Program - Linkages	14.235	N/A	3/1/08-2/28/09	40,577	11,377
				<u>81,154</u>	<u>45,702</u>
Passed through City of Alameda					
Community Development Block Grant					
Emergency Homeless Shelter - Midway	N/A	N/A	07/01/07 - 06/30/08	42,124	42,124
Passed through City of Alameda					
Community Development Block Grant					
	N/A	N/A	03/01/08 - 06/30/08	75,000	72,417
Passed through City of San Leandro					
Community Development Block Grant					
	N/A	N/A	7/1/2007-06/30/08	30,000	30,000
Department of Health and Human Services					
Passed through State of California					
Community Service Block Grant					
Associated Community Action Program	93.569	85-26-07-07	1/1/07-12/31/07	31,200	15,600
Associated Community Action Program	93.569	85-26-07-08	1/1/08-12/31/08	31,200	15,600
				<u>62,400</u>	<u>31,200</u>
Passed through State of California OES-FVPS					
FVPS, VOCA, VAWA					
Domestic Violence Assistance Program	93.671	001-95005 DV07071770	7/01/07-06/30/08	52,006	52,006
Federal Emergency Management Agency					
Passed through State of California					
Phase 25	97.024	25-063400-064	01/01/07-12/31/07	33,071	16,536
Phase 26	97.024	26-063400-064	01/01/08-12/31/08	32,000	16,000
				<u>65,071</u>	<u>32,536</u>
Department of Justice					
Passed through State of California OES-VOCA					
FVPS, VOCA, VAWA					
Domestic Violence Assistance Program	16.575	001-95005 DV07071770	7/01/07-06/30/08	93,131	93,131
Passed through State of California OES-VAWA					
FVPS, VOCA, VAWA					
Domestic Violence Assistance Program	16.588	001-95005 DV07071770	7/01/07-06/30/08	5,195	5,195
Passed through State of California					
Office on Violence Against Women					
Domestic Violence Services in Transitional Housing	N/A	2007-WH-AX-0041	10/01/07-09/30/10	255,000	17,121
Passed through Alameda County Family Justice Center					
Domestic Violence Services					
	N/A	CASE	01/01/08-09/30/09	50,000	9,585
Total Federal Awards				<u><u>\$1,601,472</u></u>	<u><u>\$740,858</u></u>

See Notes to Additional Information

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

Federal Grantor Pass-through Grantor/State Pass-through Grantor/County Program Title	Federal CFDA Number	Pass-through Grantor's Contract Number	Contract Period	Award Amount	Amount Expended
STATE AWARDS:					
Department of Health Services Maternal, Child and Adolescent Health Domestic Violence Victims Shelter Based Services	N/A	05-45015	07/01/07-06/30/08	\$221,329	\$221,329
Department of Housing & Community Development Passed through Emergency Food and Shelter Program Emergency Housing and Assistance Program	N/A	05-EHAP-2670	08/08/07-10/08/08	12,645	12,645
Department of Housing & Community Development Emergency Housing and Assistance Program Shelter Renovation Loan	N/A	02-EHAPCD-079	09/02/03-03/19/12	493,709	0
Passed through Alameda County Behavioral Health Care Services CalWORKS	N/A	900113 / 3182	07/01/07-06/30/08	73,283	28,629
Passed through Alameda County Workforce and Resource Development Passed through Family Violence Law Center CalWORKS Domestic Violence Services	N/A	N/A	07/01/07-06/30/08	29,000	29,000
State of California OES-DVAP FVPS, VOCA, VAWA Domestic Violence Assistance Program	N/A	DV07071770	7/01/07-06/30/08	32,118	32,118
Total State Awards				<u>\$862,084</u>	<u>\$323,721</u>
COUNTY AWARDS:					
Social Services Agency Community Projects Shelter Services San Leandro Shelter Program	N/A	900113 / 6724	07/01/07-06/30/08	\$127,676	\$127,676
Social Services Agency Community Projects Shelter Services Midway Project	N/A	900113 / 6727	07/01/07-06/30/08	99,741	99,741
Social Services Agency Community Housing & Shelter Services Emergency Shelters Programs	N/A	900113 / 6726	07/01/07-06/30/08	51,283	51,283
Passed through Alameda County Special Welfare Programs Domestic Violence Center Act, Shelter Services	N/A	900113 / 6590	07/01/07-06/30/08	25,000	25,000
Total County Awards				<u>\$303,700</u>	<u>\$303,700</u>
Total Awards				<u>\$2,767,256</u>	<u>\$1,368,279</u>

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

Federal Grantor Pass-through Grantor/State Pass-through Grantor/County Program Title	Federal CFDA Number	Pass-through Grantor's Contract Number	Contract Period	Award Amount	Amount Expended
BESSIE COLEMAN COURT, INC.					
FEDERAL AWARDS:					
Department of Housing and Urban Development					
Passed through Alameda Point Collaborative Supportive Housing Program	14.235	N/A	02/01/08 - 01/31/09	\$56,845	\$30,086
	14.235	N/A	02/01/07 - 01/31/08	57,173	30,764
Passed through County of Alameda Supportive Housing Loan Funds	N/A	N/A	01/1/00-12/31/59	400,000	0
Passed through City of Alameda CDBG Loan	N/A	N/A	06/14/02-09/1/12	100,000	0
Passed through Bank of the West REID/Community Development Lending Loan	N/A	N/A	06/01/05-03/6/17	337,737	0
Total Federal Awards				<u>\$951,755</u>	<u>\$60,850</u>
STATE AWARDS:					
Department of Housing & Community Development EHAP Capital Loan	N/A	N/A	10/01/04-09/30/11	\$163,742	\$0
Total State Awards				<u>\$163,742</u>	<u>\$0</u>
COUNTY AWARDS:					
County CHFA RLF Loan			06/01/05-09/1/2010	\$261,338	\$0
Urban County HOME Loan Funds			01/1/00-12/31/2059	144,000	0
Alameda County Housing Trust Loan Fund	N/A	N/A	01/1/00-12/31/2059	156,000	0
Total County Awards				<u>\$561,338</u>	<u>\$0</u>
Total Awards				<u>\$1,676,835</u>	<u>\$60,850</u>

BUILDING FUTURES WITH WOMEN AND CHILDREN AND SUBSIDIARY
STATEMENT OF EXPENDITURES FOR COUNTY OF ALAMEDA GRANTS
YEAR ENDED JUNE 30, 2008

Program Name:

	County Shelter Services - San Leandro Shelter	County Shelter Services - Midway Shelter	Community Housing and Shelter Services	Domestic Violence Shelter Services
Master Contract Number	900133	900133	900133	900133
Board Purchase Order Number	SOCSA-6724	SOCSA-6727	SOCSA-6726	SOCSA-6590
Exhibit Number	SE 08-166	SE 08-165	SE 08-184	SE 08-194
Contract Period	07/01/07-06/30/08	07/01/07-06/30/08	07/01/07-06/30/08	07/01/07-06/30/08
Contract Amount	\$127,676	\$99,741	\$51,283	\$25,000

Expenses:

Salaries	\$91,286	\$66,915	\$43,363	\$12,226
Payroll taxes and employee benefits	18,117	11,944	7,920	2,409
Total salaries and related expenses	109,403	78,859	51,283	14,635
Other expenses:				
Client transportation	2,642	734		
Consultants - clinical professionals	2,222	2,142		
Consultants - technology	593	703		
Dues and fees		100		
Food (shelter clients)	3,396	3,546		6,000
Housekeeping supplies	2,268	4,060		
Insurance		1,185		
Laundry equipment rents	242	1,200		
Repairs and maintenance	2,107	1,151		2,365
Supplies - other	610	643		
Telephone and internet	2,431	3,983		
Travel				
Utilities	1,762	1,435		2,000
Total expenses	127,676	99,741	51,283	25,000
Amount reimbursed by County to date	\$127,676	\$99,741	\$51,283	\$25,000
Revenue excess (deficit)	\$0	\$0	\$0	\$0

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
NOTES TO ADDITIONAL INFORMATION
YEAR ENDED JUNE 30, 2008

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Building Futures with Women and Children, and Subsidiary and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – FEDERAL EXPENDITURES

The amount of federal expenditures represents the amount of federal funds expended during the fiscal year ended June 30, 2008

ADDITIONAL REPORTS



Patricia A. Wintroath, CPA

Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in accordance with
Government Auditing Standards

March 12, 2009

Board of Directors
Building Futures with Women and Children, and Subsidiary
San Leandro, California 94577

I have audited the financial statements of Building Futures with Women and Children, and Subsidiary as of and for the year ended June 30, 2008, and have issued my report thereon dated March 12, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Building Futures with Women and Children, and Subsidiary's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Building Futures with Women and Children, and Subsidiary's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements, that is more than inconsequential, will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or

material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Building Futures with Women and Children, and Subsidiary's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, audit committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Patricia A. Wintroath, CPA".

Patricia A. Wintroath, CPA



Patricia A. Wintroath, CPA

Report on Compliance with Requirements Applicable to Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133

March 12, 2009

Board of Directors
Building Futures with Women and Children, and Subsidiary
San Leandro, California 94577

Compliance

I have audited the compliance of Building Futures with Women and Children, and Subsidiary with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Building Futures with Women and Children, and Subsidiary's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Building Futures with Women and Children, and Subsidiary's management. My responsibility is to express an opinion on Building Futures with Women and Children, and Subsidiary's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Building Futures with Women and Children, and Subsidiary's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Building Futures with Women and Children, and Subsidiary's compliance with those requirements.

In my opinion, Building Futures with Women and Children, and Subsidiary complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control over Compliance

The management of Building Futures with Women and Children, and Subsidiary is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Building Futures with Women and Children, and Subsidiary's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Building Futures with Women and Children, and Subsidiary's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, audit committee, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink, reading "Patricia A. Wintroath, CPA". The signature is written in a cursive, flowing style.

Patricia A. Wintroath, CPA

**BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2008**

There were no prior year audit findings.

BUILDING FUTURES WITH WOMEN AND CHILDREN, AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Building Futures with Women and Children, and Subsidiary
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Building Futures with Women and Children, and Subsidiary were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133*.
5. The Auditor's report on compliance for major federal award programs for Building Futures with Women and Children, and Subsidiary expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule. (No findings were noted.)
7. The programs tested as major programs include: Department of Housing and Urban Development, Federal Emergency Shelter Program, CFDA No. 14.231; Department of Housing and Urban Development, Supportive Housing Program, CFDA No. 14.235; Department of Health and Human Services, Community Service Block Grant, CFDA No. 93.569.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Building Futures with Women and Children, and Subsidiary qualified as a low risk auditee.

FINDINGS – FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None